

# NASS

## Monthly Ag. Newsletter

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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Corn:** U.S. growers intend to plant 78.2 million acres of corn for all purposes in 1999, down 2% from last year. This would be the lowest planted acreage since 1995. Corn stocks in all positions on March 1 totaled 5.70 billion bushels, 15% above a year earlier. Ending stocks on September 1, 1999 are expected to total 1.79 billion bushels, up 37% from last year. The projected market year price range for the 1998 corn crop is \$1.90 to \$2.10 per bushel.

♦**Soybeans.** U.S. soybean producers intend to plant 73.1 million acres in 1999, 1% above last year. If realized, this would be the largest planted area for soybeans on record. Soybeans stored in all positions on March 1 totaled 1.46 billion bushels, up 21% from the previous year. Ending stocks on September 1, 1999 are expected to total 430 million bushels, up 115% from last year. The market year average price for the 1998 crop is projected between \$5.00 and \$5.10 per bushel compared with \$6.47 for the 1997 crop.

♦**Cotton.** All cotton plantings for 1999 are expected to total 13.9 million acres, 4% above 1998 and up 46,200 acres from 1997. The U.S. American-Pima cotton acreage is expected to be down 7% from last year.

♦**Wheat.** The 1999 all wheat planted area is expected to total 63.0 million acres. This is down 4% from 1998 and the lowest level in 26 years. Durum wheat acres are expected to increase 12% from last year and reach the highest level since 1982. The 1999 other spring wheat planted acreage intentions are placed at 15.4 million acres, down 2% from last year. All wheat stocks March 1, were estimated at 1.44 billion bushels, up 24% from last year and the largest March number since 1988. The market year price for the 1998 crop is expected to be between \$2.65 and \$2.75 per bushel compared with \$3.38 for the 1997 crop.

♦**Rice.** Growers intend to plant 3.58 million acres, 7% above 1998. The 1998/99 market year average price is expected to average between \$8.50 and \$8.80 per cwt. compared to \$9.70 per cwt. for the 1997/98 crop.

♦**Grain Sorghum.** Plantings are expected to total a record low 8.80 million acres, down 9% from last year. **Barley** acreage intentions, at 5.27 million acres are down 17% from 1998. U.S. all **tobacco** for harvest in 1999 is forecast at 647,850 acres, down 11% from 1998. If realized, this would be the lowest all tobacco acreage since 1987. Large acreage reductions are expected in **Burley** and **Flue-cured** types.

♦**Cattle.** April 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more totaled 10.38 million head, up 3% from a year earlier. Placements were up 18% from the previous year. Marketings of fed cattle were 5% above 1998. At mid-April, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$65 per cwt. Second quarter 1999 prices are expected to average \$63-65, about the same as a year earlier. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$73 per cwt in mid-April, up slightly from mid-March.

♦**Hogs.** Hog slaughter during recent weeks has been running about 2% above a year ago. Prices at mid-April (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$29 per cwt, up \$4 from mid-March. Second quarter 1999 prices are expected to average around \$35 and then move up some in the 3rd quarter.

♦**Other Livestock.** March **milk production** was up 4.0% from the previous year. Production per cow increased 4.1% , however, the number of cows was almost unchanged from March 1998. The March **Basic Formula Price (BFP)** was \$12.81 per cwt, up \$2.54 from February. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) were unchanged for the first week of April but increased 0.5 cents for the second week. This suggests that the March BFP will be unchanged, with the possibility of a slight increase. During February, total **cheese** production was 4.6% above the previous year, **butter** production was up 8.6% and **nonfat dry milk** production was up 19.4%. U.S. **egg production** during the second quarter of 1999 is expected to be up 2% from a year ago. Wholesale market **egg prices** for the second quarter of 1999 are expected to average 64-66 cents per dozen, compared with 66.5 cents a year ago. Third quarter 1999 market egg prices (Grade A large, New York) are expected to average

Page 2- Monthly Ag. Newsletter

68-72 cents per dozen, compared with 76.0 cents a year ago. As of the week ending April 17, cumulative **broiler placements** for 1999 in 15 selected states were 2.15 billion, up 3% from the same period a year earlier. The wholesale 12 city average price for whole broilers for the second quarter of 1999 is expected to be 57-59 cents, compared to 61.0 cents for the second quarter of last year. Third quarter 1999 broiler prices are expected to average 57-61 cents per pound, compared with the 70.4 cents for a year earlier. Cumulative **turkey poult placements** for the 1999 marketing year were 165 million, 6% less than the same period a year ago. Placements in March were 2% less than last March. Prices (8-16 lb. hens, Eastern Region) for the second quarter of 1999 are expected to be in the 61-63 cent range compared with 59.1 cents for the second quarter last year. Turkey prices for the third quarter of 1999 are expected to average 63-67 cents per pound, compared with the 63.4 cents average for the third quarter of 1998. **Supplies in refrigerated warehouses** the end of March compared with a year earlier were: chicken up 13%, turkeys down 29%, pork up 22%, beef down 6%, cheese up 3%, and frozen orange juice up 8%.

♦**Trade.** April U.S. **trade projections** for soybeans and turkeys declined, compared with last month. Wheat, corn, rice, cotton, beef, pork, and broilers were unchanged from March. April projections for the volume of exports for the 1998/99 marketing year compared to 1997/98 are: **wheat** up 1%; **corn** up 20%; **rice** down 1%; **soybeans** down 12%; **soybean meal** down 25%; **soybean oil** down 24%; and **cotton** down 44%. April projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 10%; **pork** up 9%; **broilers** down 5%; and **turkeys** down 10%. The **U.S. trade** deficit for goods and services increased to \$19.4 billion in February, from a revised \$16.8 billion January. The **U.S. agricultural trade** surplus was \$865 million in February, compared with \$793 million in January.

♦**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, was up 0.3% in March and has increased 1.7% over the last 12 months. The **PPI** increased 0.2% in March. This followed a decrease of 0.4% in February. For the 12-month period ending in February, the PPI increased 0.8%. The March **prime rate**, averaging 7.75%, was unchanged from February. Compared to a year earlier, **feed** prices in March were down 16%; **feeder livestock and poultry** prices up 1%; **fertilizer** down 5%; **ag chemicals** down 3%; **farm machinery** up 1%; **seeds** up 2%; and **fuels** down 15%. The January 1, 1999 U.S. Farm Real Estate Value, including land and buildings, averaged \$992 per acre, up 1.8% from 1998. U.S. cropland averaged \$1,370, up 2.2% while pasture values averaged \$494, up 1.0%.

♦**World Weather and Crop Developments** (April 11-17). In **Ukraine, Russia, Belarus** and the **Baltics**, the fourth consecutive week of unseasonably warm weather prevailed promoting rapid growth of winter grains. Winter grains were breaking dormancy in northern Russia, about 1 week earlier than usual. In **Central Asia**, unseasonably warm, dry weather favored early cotton planting in most areas. Typically, most of the cotton crop is planted from mid-April through May. In **England, France, and Germany** unseasonably cold, rainy weather prevailed slowing crop development and disrupting fieldwork. In **South Africa** unseasonably dry, warm weather continued to dominate the region. Temperatures averaged 2 to 4 degrees C above normal across the corn belt, hastening summer crop maturation and dry down. Following last week's unusually heavy rain in **Australia**, favorably dry weather brought much-needed relief to unharvested cotton in New South Wales. The continuation of dryness in Queensland allowed sorghum and cotton harvests to advance. Rain will be needed in upcoming weeks in drought-stricken areas of South Australia and Victoria as field preparations begin for wheat and barley planting. In central **Argentina**, localized freezing temperatures caused minimal damage to filling second-crop soybeans and scattered light rain did not hamper summer crop harvesting activities. Heavy rain fell in northern Argentina, slowing cotton harvesting and possibly causing some crop damage and quality reductions. In the **U.S.** widespread rainfall continued to slow fieldwork but benefit winter wheat in the **Corn Belt and Central Plains**. At midweek, showers and thunderstorms spread from the **Southern Plains** across the **Southeast**, aiding winter grains and recently planted corn, cotton, sorghum, rice, and peanuts. Beneficially warm, dry conditions arrived in the **West**, promoting fieldwork and rapid crop development. On the mornings of April 16-18, freezes burned back jointing winter wheat on the **central and southern High Plains**. Scattered frost was reported across the **South** at week's end.

♦**Other News.** **Planting intentions** for the eight major U.S. field crops total 250.7 million acres in 1999, down 2.1% from last year's planted area and down 3.9% from the most recent peak in 1996. **Catfish** is the dominant, and most successful, sector of the U.S. aquaculture industry, and accounts for over 50% of aquaculture production. From 1990-1998, annual production of catfish rose from 392 to 599 million pounds, a 53-percent increase. 1999 farm sales for the catfish industry should approach \$500 million. After 7 years of **debt expansion**, farm borrowing is expected to decline by \$1.3 billion in 1999. Given the expectation of lower crop prices and farm income in 1999, as well as continuing uncertainty about the economics of some major importers of U.S. farm products, farmers are likely to remain cautious about debt use. **The Federal crop insurance program** in the 1990's has broadened the scope and variety of risk protection products offered to producers. The list of covered crops has grown from about 50 in the early 1990's to more than 70 in 1999. **Making tax-deferred savings accounts** available to farmers is among the alternatives currently under consideration by Congress to help farm operators manage year-to-year income variability. A farmer could deposit funds into a special Farm and Ranch Risk Management (FARRM) account during years of high net income and draw on it during years with abnormally low income; Federal income taxes would be deferred until withdrawal.

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